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Review of the efficiency of the administrative and financial functioning of the United Nations

Proposed programme budget outline for the biennium 2006-2007

Report of the Secretary-General*

Summary

By its resolution 41/213 of 19 December 1986, the General Assembly, inter alia, requested the Secretary-General to submit, in off-budget years, an outline of the proposed programme budget for the following biennium. Accordingly, the outline for the biennium 2006-2007 is hereby submitted. The level of the contingency fund for the biennium 2006-2007 is recommended to be set at 0.75 per cent of the overall level of the proposed programme budget outline.

* The submission of the present document was delayed owing to the need for extensive internal consultations.

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I. Introduction

1. In accordance with the provisions of annex I to General Assembly resolution 41/213 of 19 December 1986, the Secretary-General submits, in off-budget years, an outline of the programme budget for the following biennium, which should contain an indication of the following:

(a) Preliminary estimate of resources to accommodate the proposed programme of activities during the biennium;

(b) Priorities, reflecting general trends of a broad sectoral nature;

(c) Real growth, positive or negative, compared with the previous budget;

(d) Size of the contingency fund expressed as a percentage of the overall level of resources.

The outline for the biennium 2006-2007 is hereby submitted.

II. Preliminary estimate of resources needed to accommodate the proposed programme of activities during the biennium

2. In establishing a preliminary estimate of resources for the biennium 2006-2007, the approved level of appropriations, namely, $3,179.2 million, was taken as the starting point. These existing provisions consist of the initial appropriation of $3,160.9 million and the subsequent additional appropriation of $18.3 million approved by the General Assembly for strengthening the security and safety of United Nations operations, staff and premises. The preliminary estimate, expressed in 2004-2005 prices, has been arrived at as follows:

Proposed programme budget outline for the biennium 2006-2007	*Millions of United States dollars*	
Appropriations for 2004-2005		3 179.2
Plus: Full provision for new posts approved in 2004-2005 (para. 3)	11.2	
Less: One-time costs in 2004-2005 (para. 4)	(21.7)	
Plus: Provision for new or expanded activities/events foreseen and/or mandated in 2006-2007 (para. 5)	10.5	
Changes		-
Subtotal		**3 179.2**
Additional provision required for special political missions at the current programme level		**180.0**
Preliminary estimate for established activities 2006-2007		**3 359.2**

A. Full provision for new posts

3. It will be recalled that in the context of the proposed programme budget outline for the biennium 2004-2005, the Secretary-General indicated that consideration could be given to costing all new post proposals for that biennium on

a full-cost basis to avoid the delayed impact of growth in the biennium 2006-2007. By its resolution 57/280, the General Assembly endorsed the observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget outline, including, inter alia, the continuation of the practice of costing provisions for new posts at 50 per cent for the Professional level and above and 65 per cent for the General Service and related categories. The full biennial provision in 2006-2007 for those posts which were newly established in the biennium 2004-2005 and at present are only partially funded in the biennium 2004-2005 would require an additional $11.2 million in the biennium 2006-2007. This additional provision is required to maintain the regular budget established post staffing table at the same level of posts as has been already approved for the biennium 2004-2005.

B. One-time costs in the biennium 2004-2005

4. One-time costs in the biennium 2004-2005 amounting to $21.7 million would not be required. Those provisions relate mainly to one-time costs associated with the strengthening of the security and safety of United Nations operations, staff and premises. In addition, there are non-recurrent costs for substantive and public information support related to the Eleventh United Nations Congress on Crime Prevention and Criminal Justice, the eleventh session of the United Nations Conference on Trade and Development, and the World Summit on the Information Society. For the purpose of the present report, all costs provided in the biennium 2004-2005 for special political missions have been treated as being of a recurrent nature.

C. Provision for programme changes in the biennium 2006-2007

5. During the biennium 2006-2007, resources are foreseen to strengthen human rights and humanitarian assistance, the economic and social sector, humanitarian activities, as well as the United Nations Office at Nairobi. Preliminary estimates also include relevant estimated requirements for public information support for conferences and meetings foreseen in the next biennium as follows: the United Nations Conference to Review the Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects; the United Nations Conference to Review the Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks; and the High-level Dialogue of the General Assembly on international migration and development. Provisions are also envisaged to meet requirements for after-service health insurance. As a result of the strengthening of these areas, projected requirements amounting to a 0.3 per cent growth of programme resources, or $10.5 million, are foreseen as needs for the biennium 2006-2007.

D. Special political missions

6. The General Assembly initially authorized some $169.4 million to be available in the biennium 2004-2005 to provide funding for such special political missions as

might be authorized by the Assembly and the Security Council. It is estimated that full biennial provision in 2006-2007 for special political missions currently existing in the biennium 2004-2005 would exceed $350 million. While the present composition of special political missions will change somewhat in the biennium 2006-2007, it is not anticipated that the overall level will trend downwards. The maintenance of the 2004-2005 initial provision of $169.4 million would seriously and materially underestimate likely requirements as it would provide less than half of currently anticipated biennial requirements. Accordingly, an increase of $180 million is included in the outline estimate, which would provide funding for special political missions at a level of $349.4 million in the biennium 2006-2007.

E. Summary

7. The proposed programme budget for the biennium 2006-2007 will be subjected to intensive internal scrutiny within the Secretariat, so as to focus on what is to be delivered by way of the accomplishments expected for the period with the resources committed. In particular, the review will continue the recent strengthened focus on item-by-item examination of programme outputs to ensure their contribution and relevance, under approved strategies, for the fullest possible achievement of expected accomplishments consistent with the application of regulation 5.6 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. Thus, the budget proposals will reflect the benefit of further reviews of possible obsolete activities, additional cost-effective measures and simplified procedures.

8. The outline requirements would be subject in due course to recosting to biennium 2006-2007 costs. Such a recosting exercise will reflect, inter alia, changes owing to both inflation and exchange rates. Experience has proven that exchange rates cannot be reliably predicted for the time periods involved. However, inflation adjustments may be more closely approximated at this stage and would extend to about $197.7 million on the assumption of cumulative annual inflation rates of 2.9 per cent prevailing through 2007. Accordingly, total requirements for the biennium 2006-2007 adjusted for inflation, but not yet for exchange rates, would amount to $3,556.9 million.

III. Priorities reflecting general trends of a broad sectoral nature

9. In the proposed strategic framework for the period 2006-2007,[1] the following priorities were proposed: maintenance of international peace and security; promotion of sustained economic growth and sustainable development in accordance with relevant General Assembly resolutions and recent United Nations conferences; development of Africa; promotion of human rights; effective coordination of humanitarian assistance efforts; promotion of justice and international law; disarmament; and drug control, crime prevention and combating international terrorism in all its forms and manifestations. **It is proposed that the programme budget for the biennium 2006-2007 should also manifest these**

priorities. The proposed distribution of resources by parts of the budget is shown in the annex.

IV. Real growth compared with the previous budget

10. **The preliminary estimate ($3,009.8 million), before inclusion of special political missions, maintains the level of regular budget established activities at the same level as the approved appropriations for the biennium 2004-2005. That would be equivalent to zero real growth. Once account is taken of the full inclusion of required provisions for special political missions, the total preliminary estimate of $3,359.2 million would represent an increase of $180 million, or 5.7 per cent, compared with existing provisions for the biennium 2004-2005.**

V. Size of the contingency fund

11. The size of the contingency fund was set at 0.75 per cent of the overall level of resources for the first outline and for all subsequent ones. **It is recommended that the level again be set at 0.75 per cent, or $25.2 million, for the biennium 2006-2007.**

Notes

[1] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 6* (A/59/6).

Annex

Preliminary indicative estimates for the biennium 2006-2007

(Millions of United States dollars)

Expenditures by part of programme budget	*2004-2005 appropriation*	*Resource change*		*Total*
		Amount	*Percentage*	
I. Overall policy-making, direction and coordination	593.9	1.2	0.2	595.1
II. Political affairs (not including special political missions)	186.5	(5.4)	(2.9)	181.1
III. International justice and law	70.3	0.5	0.7	70.8
IV. International cooperation for development	336.5	3.3	1.0	339.8
V. Regional cooperation for development	389.6	0.2	0.1	389.8
VI. Human rights and humanitarian affairs	170.7	6.2	3.6	176.9
VII. Public information	156.1	(1.3)	(0.8)	154.8
VIII. Common support services	523.9	(3.0)	(0.6)	520.9
IX. Internal oversight	23.2	-	-	23.2
X. Jointly financed administrative activities and special expenses	105.0	1.8	1.7	106.8
XI. Capital expenditures	58.7	(5.6)	(9.5)	53.1
XII. Staff assessment	382.3	2.1	0.5	384.4
XIII. Development Account	13.1	-	-	13.1
Regular budget established activities 2006-2007	**3 009.8**	**-**	**-**	**3 009.8**
Provision for special political missions	169.4	180.0	106.3	349.4
Total	**3 179.2**	**180.0**	**5.7**	**3 359.2**